



# Department of Justice

---

FOR IMMEDIATE RELEASE  
MONDAY, FEBRUARY 14, 2000  
WWW.USDOJ.GOV

AT  
(202) 514-2007  
TDD (202) 514-1888

**JUSTICE DEPARTMENT ADVISES FCC DENY SBC COMMUNICATIONS'  
APPLICATION TO PROVIDE LONG DISTANCE SERVICE IN TEXAS**

**Nondiscriminatory Access Must be Provided for DSL and Voice Services  
Before SBC is Authorized to Provide Long Distance Service in Texas**

WASHINGTON, D.C. -- The Department of Justice today said that the Federal Communications Commission should deny the application of SBC Communications Inc. to offer long distance service in Texas. The Department said that SBC had not shown that it was providing nondiscriminatory access to its local telephone lines, or "loops," to companies seeking to lease those lines to offer digital subscriber line (DSL) services for high speed Internet access and to offer traditional voice services.

The Department provided its competitive analysis in its evaluation of the San Antonio-based SBC's application under Section 271 of the Telecommunications Act to provide long distance service in Texas.

"The Department found that SBC has not shown that it is providing nondiscriminatory access to its local lines," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "Nondiscriminatory access is required for us to find that the market is open to competition."

The Department's evaluation said that there were other obstacles to local telecommunications competition in Texas, but also commended SBC for its substantial efforts to implement the market-opening requirements of the 1996 Telecommunications Act. The Department said that numerous carriers are beginning to compete in Texas, offering a wide variety of services, and that the market penetration of new entrants in Texas was significantly above the national average. The Department attributed this progress in part to the efforts of SBC, and also to the tireless efforts of the Texas Public Utility Commission and its staff to create a competitive environment.

The Department said that SBC's performance in providing voice loops was below the level that the FCC described as "minimally acceptable" when it approved Bell Atlantic's application to provide long distance service in New York.

In addition to a failure to provide nondiscriminatory access to DSL and voice loops, the Department also expressed concerns about SBC's provision of interconnection trunks to facilities-based competitors.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its

assessment of competitive conditions in a market and whether the BOC should be allowed to provide in-region long distance service.

SBC filed its application with the FCC on January 10, 2000. Under the terms of the Act, the FCC must approve or deny the application within 90 days.

###

00-066